CONGRESSIONAL BUDGET OFFICE
PAY-AS-YOU-GO ESTIMATE

October 10, 2000

H.R. 2752
Lincoln County Land Act of 2000

As cleared by the Congress on October 3, 2000

SUMMARY

H.R. 2752 would accelerate the timing of certain land sales in Nevada and would allow the proceeds to be spent without further appropriation. CBO estimates that enacting this legislation would increase net direct spending by $2 million over the 2001-2005 period and by a total of $16 million over the next 15 years. Because H.R. 2752 would affect direct spending, pay-as-you-go procedures would apply.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

CBO's estimate of the impact of H.R. 2752 on direct spending is shown in the following table. Only the estimated changes in the budget year and the succeeding four years are counted for pay-as-you-go purposes. The costs of this legislation fall within budget functions 300 (natural resources and environment) and 800 (general government).

	By Fiscal Year, in Millions of Dollars									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Changes in outlays	-3	1	0	2	2	3	2	2	1	1
Changes in receipts	Not applicable									

BASIS OF ESTIMATE

H.R. 2752 would direct the Secretary of the Interior to sell, for fair market value through a competitive bidding process, approximately 13,500 acres of federal lands located within Lincoln County, Nevada, and administered by the Bureau of Land Management (BLM). The legislation would require the Secretary to sell 4,817 acres of those lands within one year and the rest within five years. H.R. 2752 would direct the Secretary to pay 5 percent of the proceeds from those sales to the state of Nevada (as provided under current law) and another 10 percent to Lincoln County. The rest would be deposited in an interest-bearing account and could be spent by the Secretary, without further appropriation, for acquiring environmentally sensitive lands in Nevada and other resource management activities.

Based on information from BLM, CBO estimates that enacting H.R. 2752 would increase net direct spending by $2 million over the 2001-2005 period and by a total of $16 million over the next 15 years. This estimate includes the impact of provisions that would accelerate land sales that otherwise would occur over a longer period, as well as the cost of provisions that would result in new direct spending. In particular, the legislation would incur net direct spending costs because it would allow the Secretary of the Interior to spend receipts from land sales that could not be spent under current law.

Acceleration of Land Sales

According to BLM, the lands that would be sold under this legislation already have been identified for disposal under current law, and the agency plans to sell those lands over the next 15 years. Based on information from BLM, we estimate that, under current law, net proceeds from the sale of those lands would total about $15 million, of which about $5 million would be collected over the 2001-2005 period and $10 million in later years.

By directing the Secretary to sell all of the lands within five years, H.R. 2752 would accelerate the collection of those proceeds and subsequent payments to Nevada. Based on information from BLM, we estimate that the sales would yield net offsetting receipts totaling about $14 million over the 2001-2005 period. (That amount is lower than our estimate of receipts under current law because we expect that the sales price of the lands would increase in future years due to inflation and appreciation.) Thus, we estimate that enacting H.R. 2752 would result in a near-term increase in offsetting receipts of $9 million, which would be more than offset by forgone receipts of $10 million over the 2006-2015 period. CBO's estimate of the annual change in net proceeds reflects the timing of the sales outlined in the legislation.

New Direct Spending

CBO estimates that spending the proceeds from the accelerated land sales (plus interest) would cost about $15 million over the 2001-2010 period. Under current law, net proceeds from the sale of federal lands are deposited in the Treasury and are unavailable for spending. H.R. 2752 contains two provisions that would increase direct spending of those net receipts.

First, the legislation would require that 10 percent of the gross proceeds from the sale of land under the legislation be paid to Lincoln County. CBO estimates that such payments would total about $1 million over the 2001-2005 period. Second, under H.R. 2752, the remaining sale proceeds would be deposited in an interest-bearing account and could be spent by the Secretary, without further appropriation. The Secretary could use this money to cover certain administrative costs, support activities related to archeological resources and habitat conservation in the county, and acquire environmentally sensitive land in Nevada. Based on information from BLM, CBO estimates that the agency would spend a total of $14 million over the 2001-2010 period for those activities.

ESTIMATE PREPARED BY: Megan Carroll

ESTIMATE APPROVED BY:

Peter H. Fontaine
Deputy Assistant Director for Budget Analysis